

Consolidated Summary Report <under IFRS>

For the fiscal year ended December 31, 2020

February 3, 2021

Company name : KAGOME CO., LTD Stock exchange listings: Tokyo and Nagoya
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Annual general meeting date: March 26, 2021

Dividend payment date: March 5, 2021

Securities report issuing date: March 12, 2021

Supplemental information for financial statements: Available

Schedule for "investor meeting presentation": Scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Data for the Fiscal Year ended December 31, 2020

(1) Operation Results (% represents the change from the same period in the previous fiscal year.)

Fiscal Year ended	Revenue		Core Operating Income		Operating Income		Net Income Attributable to Shareholders of Parent		Comprehensive Income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2020	183,041	1.2	13,599	10.5	10,682	(24.1)	7,425	(27.2)	5,701	(49.4)
December 31, 2019	180,849	(2.0)	12,304	(0.8)	14,079	15.1	10,198	13.3	11,278	221.9

Fiscal year ended	Earnings Per Share	Diluted Earnings per Share	Net Income to Net Assets Attributable to KAGOME Shareholders	Profit Before Tax to Total Assets	Operating Income to Revenue
	yen	yen	%	%	%
December 31, 2020	83.73	83.59	6.8	5.0	5.8
December 31, 2019	114.89	114.73	9.8	6.9	7.8

(Reference) Equity gains of affiliated companies December 31, 2020: (914) million yen; December 31, 2019: 108 million yen

(Reference) Core Operating Income is the profit index which measures constant business performance by deducting cost of sales and selling, general and administrative expenses from revenue plus share of loss (profit) of entities accounted for using equity method.

(2) Financial Conditions

As of	Total Assets	Total Net Assets	Net Assets Attributable to KAGOME Shareholders	Net Assets Attributable to KAGOME Shareholders to Total Assets	Net Assets Attributable to KAGOME Shareholders per Share
	million yen	million yen	million yen	%	yen
December 31, 2020	224,913	112,651	110,976	49.3	1,242.19
December 31, 2019	201,179	111,386	108,344	53.9	1,219.47

(3) Conditions of Cash flows

Fiscal year ended	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the end of the period
	million yen	million yen	million yen	million yen
December 31, 2020	20,442	(3,398)	12,104	56,768
December 31, 2019	12,224	(9,267)	(5,068)	27,260

2. Dividends on Common Stock

Fiscal year ended	Dividends per Share					Total dividends	Dividend payout ratio	Dividend on Net Assets ratio
	1Q-end	2Q-end	3Q-end	Year-end	Total			
December 31, 2019	—	—	—	35.00	35.00	3,113	30.5	3.0
December 31, 2020	—	—	—	36.00	36.00	3,219	43.0	2.9
Fiscal year ending December 31, 2021 (Forecast)	—	—	—	37.00	37.00		37.6	

3. Consolidated Forecasts for the Fiscal Year Ending December 31, 2021

(% represents the change from the same period in the previous fiscal year)

	Revenue		Core Operating Income		Operating Income		Net Income Attributable to Shareholders of Parent		Earnings Per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
For the year ending December 31, 2021	186,000	1.6	13,100	(3.7)	13,300	24.5	8,800	18.5	98.50

4. Other

(1) Changes in significant subsidiaries during the year: No

Note: This section shows whether or not there is a change in Specified Subsidiaries (“*tokutei kogaisha*” in Japanese) that led to the change of the consolidation scope during the year.

(2) Changes in accounting policies, procedures, estimates, retrospective restatements, etc.

(A) Changes due to applying IFRS: None

(B) Changes due to reasons other than (A): None

(C) Changes in accounting estimates: None

(3) Number of shares outstanding (common shares):

(A) Total stocks outstanding

including treasury stocks:

Dec. 31, 2020	94,366,944 shares	Dec. 31, 2019	94,366,944 shares
Dec. 31, 2020	5,027,707 shares	Dec. 31, 2019	5,521,926 shares
Dec. 31, 2020	89,339,237 shares	Dec. 31, 2019	88,845,018 shares
Fiscal year ended Dec. 31, 2020	88,682,783 shares	Fiscal year ended Dec. 31, 2019	88,771,950 shares

(B) Treasury stocks:

(C) Total stocks outstanding

excluding treasury stocks:

(D) Average outstanding stocks:

5. Non-Consolidated Financial Data for the Fiscal Year ended December 31, 2020 <under J-GAAP>

(1) Operation Results

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal Year ended December 31, 2020	144,662	1.9	12,589	15.4	13,028	14.0	10,306	82.6
December 31, 2019	142,032	(16.0)	10,906	0.9	11,431	0.3	5,645	(53.4)

	Earnings Per Share	Diluted Earnings per Share
Fiscal year ended December 31, 2020	116.22 yen	116.02 yen
December 31, 2019	63.60	63.51

(2) Financial Conditions

	Total Assets	Total Net Assets	Equity to Total Assets	Total Net Assets per Common Stock
As of	million yen	million yen	%	yen
December 31, 2020	175,492	100,757	57.2	1,123.74
December 31, 2019	147,695	94,764	64.0	1,063.18

(Reference) Total Equity December 31, 2020: 100,393 million yen; December 31, 2019: 94,458 million yen

* This “Consolidated Summary Report” (“Tanshin”) is outside the scope of the external audit.

* Notes for using forecasted information etc.

(Caution regarding forward-looking statements)

This financial summary report contains forward-looking statements regarding estimations, forecasts, targets and plans in relation to the results of operations, financial conditions and other overall management of the company and/or the group as a whole (the “forward-looking statements”). The forward-looking statements are made based upon, among other things, the company’s current estimations, perceptions and evaluations. Accordingly, due to various risks and uncertainties, the

statements and assumptions are inherently not guarantees of future performance, may be considered differently from alternative perspectives and may result in material differences from the actual result.

(Method for obtaining supplemental information for financial statements)

Supplementary information will be published on TD-net for viewing in Japan, and on Kagome's Website.

1. Overview of Operating Results

(1) Explanation of operating results for the fiscal year under review

The Company aims to become a “strong company that can maintain sustainable growth by resolving social issues through food” under the three-year mid-term management plan starting from the fiscal year ended December 2019. The Company is working to further enhance corporate value using the basic strategies of the mid-term management plan: namely, (1) continuous enhancement of earnings power and (2) growth by tackling new businesses and new domains.

During the fiscal year under review (January 1, 2020 to December 31, 2020), consolidated sales of beverages and products for home-cooked food in Japan expanded amid acceleration of consumption at home due to the COVID-19 pandemic. However, sales of products to the food service industry declined due to the slump in demand for eating out.

In addition, Holding da Industria Transformadora do Tomate, SGPS S.A., a subsidiary in Portugal, booked an impairment loss of 3,028 million yen on fixed assets it owns.

As a result, for the fiscal year under review, consolidated revenue increased to 183,041 million yen, up 1.2% year on year, and core operating income (*1) rose to 13,599 million yen, up 10.5%. Operating income fell to 10,682 million yen, down 24.1% year on year and net income attributable to shareholders of parent decreased to 7,425 million yen, down 27.2%.

*1. Core operating income is the profit index which measures recurring business performance by deducting cost of sales and selling, general and administrative expenses from revenue plus share of profit (loss) of entities accounted for using the equity method.

The business results by segment are outlined below.

(Millions of yen)

Segment	Revenue			Core operating income (loss)		
	Previous fiscal year	Fiscal year under review	Change	Previous fiscal year	Fiscal year under review	Change
Beverages	72,039	74,270	2,231	5,826	7,669	1,843
Food, etc.	60,445	60,224	(220)	5,390	5,134	(255)
Processed foods total	132,485	134,495	2,010	11,216	12,803	1,587
Agriculture	9,567	10,189	622	(225)	272	497
Others	3,850	786	(3,063)	561	344	(216)
Elimination adjustments (Note 1)	(2,885)	(3)	2,881	—	—	—
Domestic business total	143,017	145,468	2,451	11,552	13,420	1,868
International business	44,398	44,344	(53)	752	178	(573)
Eliminations and adjustments (Note 2)	(6,566)	(6,772)	(205)	—	—	—
Total	180,849	183,041	2,192	12,304	13,599	1,294

(Notes) 1. Revenue between segments within the domestic business is eliminated.

2. Revenue between the domestic business and the international business is eliminated.

<Domestic Business>

Revenue of the domestic business increased to 145,468 million yen, up 1.7% year on year, and core operating income increased to 13,420 million yen, up 16.2%. Operating performance by business is shown below.

1) Processed food business

In the processed food business, the Company manufactures and sells beverages, condiments, and other products.

Revenue of this business increased to 134,495 million yen, up 1.5% year on year, and core operating income rose to 12,803 million yen, up 14.2%.

[Beverages: Yasai Seikatsu 100 series, tomato juice, Yasai Ichinichi Kore Ippon, and others]

In vegetable beverages, there was an increase in drinking opportunities driven by the “Let’s Eat Vegetables” campaign aimed at increasing daily vegetable intake by 60g combined and by heightened interest in health due to the COVID-19 pandemic. In the Yasai Seikatsu 100 series, Yasai Seikatsu Soy +, a product combining soy milk with fruit and vegetables, was launched in February, and performed well. Sales of Yasai Ichinichi Kore Ippon also remained firm.

As a result, revenue of the beverages category increased to 74,270 million yen, up 3.1% year on year, and core operating income increased to 7,669 million yen, up 31.6%.

[Food, etc.: tomato ketchup, tomato condiments, sauces, products for direct marketing sales/gifts and others]

In the food category, demand for home-cooked food grew resulting in increased opportunities to prepare meals in the home, which led to strong sales of tomato ketchup and pasta sauce.

In the category of institutional and industrial use, sales fell due to a slump in food service demand. In particular, sales of products for hotels and restaurants slumped.

In the category of direct marketing, in addition to the core beverage Tsubuyori Yasai, potage for savoring the taste of vegetables continued to perform strongly.

Based on the above, revenue in the category of food, etc. dropped to 60,224 million yen, down 0.4% year on year. Core operating income decreased to 5,134 million yen, down 4.7%.

2) Agriculture business

In the agriculture business, the Company mainly produces and sells fresh tomatoes and mesclun greens, etc.

In the first quarter, the supply volume of fresh tomatoes was lower than expected, mainly due to a lack of sunshine, but sales then grew since the second quarter due to increased supply volume and expansion in sales routes. The Company continues to focus on profit structure reforms through reduction of fixed costs and other measures.

As a result, revenue of this business increased to 10,189 million yen, up 6.5% year on year, and core operating income was 272 million yen (compared with a core operating loss of 225 million yen in the previous fiscal year).

In addition, the Company established a policy to spin off its agriculture business and ahead of the start of operations on January 1, 2021, the Company established Kagome Agri-fresh Co., Ltd. on October 1, 2020. Through this business reorganization, the Company plans to strengthen the profit base of the agriculture business, creating a framework for the steady generation of profit, while also endeavoring to offer products and promotions that improve customer satisfaction.

3) Other businesses

Other businesses include real estate, contracted service businesses and others.

Revenue declined to 786 million yen, down 79.6% year on year, and the core operating income declined to 344 million yen, down 38.6%.

In connection with the reorganization of the logistics business in April 2019, Kagome Distribution Service Co., Ltd., which was a subsidiary of the Company, was integrated with F-LINE Corporation and was excluded from the scope of consolidation.

<International Business>

Our international business encompasses the development of tomato seeds, agricultural production, product development, processing and sales.

The operating performance of the major subsidiaries in local currencies is as outlined below.

Kagome Inc. (United States) reported declines in sales and income due to lockdowns and other restrictions on operations associated with the COVID-19 pandemic causing a major slump in food service demand. Holding da Industria Transformadora do Tomate, SGPS S.A. (Portugal) posted higher sales and lower income, reflecting the fact that low margin products account for a high percentage of the sales mix and other factors, despite strong sales to food manufacturers. Kagome Australia Pty Ltd. (Australia) recorded increased sales and decreased income due to process flaws occurring during the first three months of the fiscal year under review, despite strong sales both in Australia and to Group companies. United Genetics Holdings LLC (United States) achieved gains in sales and income, reflecting strong sales of seeds to Europe.

Furthermore, in addition to the above, the Company booked an impairment loss of 996 million yen related to the goodwill portion of its investment in equity method affiliate Ingomar Packing Company, LLC.

Accordingly, revenue of this business inched down to 44,344 million yen, down 0.1% year on year, and core operating income fell to 178 million yen, down 76.3%.

(2) Explanation of the financial position for the fiscal year under review

For the fiscal year under review, consolidated total assets increased by 23,733 million yen from the end of the previous fiscal year.

Current assets increased by 28,919 million yen from the end of the previous fiscal year.

This was mainly attributable to an increase in cash and cash equivalents of 29,507 million yen due to the increase in fixed-term deposits with maturities of less than three months following the increase in borrowings in case of credit tightening or other fallout from the coronavirus outbreak, despite payments made for dividends and income taxes.

Non-current assets decreased by 5,185 million yen from the end of the previous fiscal year.

This was mainly due to a decrease in other non-current assets of 3,150 million yen due to the sale of real estate investments, a decrease in property, plant and equipment of 1,062 million yen due to depreciation and the booking of an impairment loss, despite an increase in capital investment, and a decrease in investments accounted for using the equity method of accounting of 1,062 million yen due to the booking of an impairment loss.

Liabilities increased by 22,468 million yen from the end of the previous fiscal year.

This increase was caused by an increase in borrowings of 18,310 million yen in case of credit tightening or other fallout from the coronavirus outbreak, an increase in trade and other payables of 4,087 million yen, and an increase in income taxes payable of 1,080 million yen.

Equity increased by 1,265 million yen from the end of the previous fiscal year. This was largely attributable to a rise of 7,425 million yen due to net income attributable to shareholders of the parent and decreases of 3,113 million yen due to the dividend of surplus, 1,440 million yen due to the purchase of treasury shares, and 1,323 million yen due to net income attributable to non-controlling interests.

As a result, the ratio of equity attributable to shareholders of the parent was 49.3%, and equity attributable to shareholders of the parent per share was 1,242.19 yen.

(3) Explanation of cash flows for the fiscal year under review

(Qualitative information regarding the state of consolidated cash flow)

Cash and cash equivalents for the fiscal year under review on a consolidated basis were 56,768 million yen, with an increase of 29,507 million yen compared to the end of the previous fiscal year. The state of each cash flow is explained below.

Net cash provided by operating activities totaled 20,442 million yen (net cash of 12,224 million yen provided by operating activities a year earlier). The main factors were profit before income taxes of 10,624 million yen and depreciation of 6,895 million yen (net cash provided by operating activities) and cash used in the payment of income taxes of 3,469 million yen (net cash used in operating activities).

Net cash used in investing activities totaled 3,398 million yen (net cash of 9,267 million yen used in investing activities a year earlier). The main factors were expenditure of 6,107 million yen from the acquisition of property, plant and equipment and intangible assets (including investment real estate) and proceeds of 3,346 million yen from the sale of the acquisition of property, plant and equipment and intangible assets (including investment real estate).

Net cash provided by financing activities totaled 12,104 million yen (net cash of 5,068 million yen used in financing activities a year earlier). The main factors were proceeds of 17,075 million yen due to borrowings (including long-term borrowings) and expenditure of 3,112 million yen for the payment of dividends.

Furthermore, indicators related to the Group's cash flow are as follows.

Item	2019	2020
Ratio of equity attributable to shareholders of the parent (%)	53.9	49.3
Ratio of equity attributable to shareholders of the parent on a market value basis (%)	115.6	144.6
Interest-bearing debt to cash flow (years)	2.4	2.7
Interest coverage ratio (times)	28.0	62.5

Ratio of equity attributable to shareholders of the parent

Ratio of equity attributable to shareholders of the parent on a market value basis

Interest-bearing debt to cash flow

Interest coverage ratio

Ratio of equity attributable to shareholders of the parent divided by total assets

Market capitalization divided by total assets

Interest-bearing debt divided by operating cash flow

Operating cash flow divided by interest payments

Notes:

1. Each indicator is calculated based on consolidated financial data.
2. Market capitalization is calculated by multiplying the closing year-end share price by the number of shares outstanding at year end (excluding treasury shares).
3. “Operating cash flow” uses “cash flow from operating activities” appearing on the consolidated statements of cash flows. “Interest-bearing debt” includes all debt on which interest is paid among liabilities booked on the consolidated financial statements. In addition, “interest” uses “Interest paid” on the consolidated statements of cash flows.

(4) Future outlook

	Revenue (Millions of yen)	Core operating income (Note) (Millions of yen)	Operating income (Millions of yen)	Net income attributable to shareholders of the parent (Millions of yen)	Basic net income per share (Yen)
Fiscal year ending December 2021 (forecast)	186,000	13,100	13,300	8,800	98.50
Fiscal year ended December 2020	183,041	13,599	10,682	7,425	83.73
Change (%)	1.6%	-3.7%	24.5%	18.5%	—

*1. Core operating income is the profit index which measures recurring business performance by deducting cost of sales and selling, general and administrative expenses from revenue plus share of profit (loss) of entities accounted for using the equity method.

The domestic food industry is expected to face continued uncertainty in fiscal 2021 due to the contraction in markets caused by Japan’s declining population, soaring logistics costs, and changes in the world situation, in addition to the impacts on socioeconomic activities caused by COVID-19. Under such an environment, the Company aims to become a “strong company that can maintain sustainable growth by resolving social issues through food” under its long-term vision of transitioning from a tomato company to a vegetable company. The Company will continue working on achieving the targets of the three-year mid-term management plan up to the fiscal year ending December 2021.

Domestic Business:

The domestic business contributes to solutions to social issues by providing various vegetables to various markets using various degrees of processing and formats, with the aim of eliminating vegetable intake deficiencies in Japan. The Company is implementing the “Let’s Eat Vegetables Campaign,” which seeks to increase people’s awareness about the importance of eating vegetables by sharing important reasons to eat vegetables and the current situation of vegetable intake deficiencies.

International Business:

The international business aims to contribute to local communities by delivering the value and great taste of tomatoes and vegetables to markets around the world. In the international business, the Company is working to improve the tomato business’ ability to generate profits and establish a foundation for the consumer business in Asia.

The above forecast is calculated based on information obtainable as of the date of preparation of these financial results for the fiscal year under review. Actual results could vary from these earnings forecasts due to various unforeseen factors.

(5) Basic policy on distribution of profits and dividend for the fiscal year under review and subsequent fiscal year

The Company recognizes that returning profits to shareholders is a critical task of management.

The Company's policy on shareholder returns calls for a total return ratio of 40% based on consolidated performance metrics during the mid-term management plan spanning from 2019 to 2021. It also states that the Company is to provide a stable annual cash dividend of at least 35 yen per share.

The Company will offer a dividend of 36 yen per share for the fiscal year under review. In addition, the Company plans to pay a dividend of 37 yen per share in the next fiscal year.

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Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

	As of Dec. 31, 2019	As of Dec. 31, 2020	Thousands of U.S. dollars As of Dec. 31, 2020
Assets			
Current assets:			
Cash and cash equivalents	¥ 27,260	¥ 56,768	\$ 551,146
Trade and other receivables	40,011	40,104	389,359
Inventories	42,960	42,304	410,718
Income taxes receivable	0	180	1,748
Other financial assets	665	407	3,951
Other current assets	1,748	1,800	17,476
Total current assets	112,647	141,567	1,374,437
Non-current assets:			
Property, plant and equipment	53,634	52,571	510,398
Intangible assets	3,379	3,546	34,427
Other financial assets	14,445	14,795	143,641
Investments accounted for using the equity method	8,238	7,176	69,670
Other non-current assets	6,476	3,325	32,282
Deferred tax assets	2,357	1,930	18,738
Total non-current assets	88,531	83,345	809,175
Total assets	¥ 201,179	¥ 224,913	\$ 2,183,621
Liabilities			
Current liabilities:			
Trade and other payables	¥ 29,594	¥ 33,681	\$ 327,000
Borrowings	29,155	47,465	460,825
Income taxes payable	1,770	2,851	27,680
Other financial liabilities	975	810	7,864
Provisions	353	-	-
Other current liabilities	6,555	7,429	72,126
Total current liabilities	68,404	92,238	895,515
Non-current liabilities:			
Long-term debt	6,197	5,459	53,000
Other financial liabilities	4,246	3,655	35,485
Retirement benefit liability	5,650	5,755	55,874
Provisions	1,061	1,088	10,563
Other non-current liabilities	1,046	872	8,466
Deferred tax liabilities	3,186	3,190	30,971
Total non-current liabilities	21,388	20,023	194,398
Net Assets:			
Share capital	19,985	19,985	194,029
Capital surplus	22,669	22,723	220,612
Treasury shares	(13,529)	(12,351)	(119,913)
Other components of equity	3,589	2,888	28,039
Retained earnings	75,629	77,730	754,660
Equity attributable to owners of parent	108,344	110,976	1,077,437
Non-controlling interests	3,041	1,674	16,252
Total net assets	111,386	112,651	1,093,699
Total liabilities and net assets	¥ 201,179	¥ 224,913	\$ 2,183,621

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 103 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2020.

(2) Consolidated Statements of Income

	Millions of Yen		Thousands of U.S. dollars
	Fiscal Year ended Dec. 31, 2019	Fiscal Year ended Dec. 31, 2020	Fiscal Year ended Dec. 31, 2020
Revenue	¥ 180,849	¥ 183,041	\$ 1,777,097
Cost of sales	115,667	115,469	1,121,058
Gross profit	65,181	67,572	656,039
Selling, general and administrative expenses	52,986	53,059	515,136
Equity gains (losses) of affiliated companies	108	(914)	(8,874)
Core Operating income	12,304	13,599	132,029
Other income	2,733	1,377	13,369
Other expenses	958	4,293	41,680
Operating income	14,079	10,682	103,709
Finance income	451	523	5,078
Finance costs	642	581	5,641
Profit before income taxes	13,888	10,624	103,146
Income taxes	3,574	4,522	43,903
Net income	10,314	6,102	59,243
Net income attributable to:			
Owners of parent	10,198	7,425	72,087
Non-controlling interests	115	(1,323)	(12,845)
Total	¥ 10,314	¥ 6,102	\$ 59,243
Amounts per share of common stock:			
Net income attributable to shareholders of parent	¥ 114.89	¥ 83.73	\$ 0.81
Diluted net income attributable to shareholders of parent	¥ 114.73	¥ 83.59	\$ 0.81

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 103 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2020.

(3) Consolidated Statements of Comprehensive Income

	Millions of Yen		Thousands of U.S. dollars
	Fiscal Year ended Dec. 31, 2019	Fiscal Year ended Dec. 31, 2020	Fiscal Year ended Dec. 31, 2020
Net income	¥ 10,314	¥ 6,102	\$ 59,243
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	(163)	65	631
Financial assets measured at fair value through other comprehensive income	1,262	244	2,369
Share of other comprehensive income of investments accounted for using equity method, net of tax	-	22	214
Total	<u>1,099</u>	<u>332</u>	<u>3,223</u>
Items that may be reclassified subsequently to profit or loss			
Effective portion of cash flow hedges	(690)	482	4,680
Cash flow hedges costs	1,018	(288)	(2,796)
Exchange differences on translation of foreign operations	(464)	(923)	(8,961)
Share of other comprehensive income of investments accounted for using equity method, net of tax	(0)	(2)	(23)
Total	<u>(136)</u>	<u>(732)</u>	<u>(7,107)</u>
Other comprehensive income	<u>963</u>	<u>(400)</u>	<u>(3,883)</u>
Comprehensive income	<u>11,278</u>	<u>5,701</u>	<u>55,350</u>
Comprehensive income attributable to:			
Owners of parent	11,261	7,000	67,961
Non-controlling interests	<u>17</u>	<u>(1,298)</u>	<u>(12,602)</u>
Total	<u>¥ 11,278</u>	<u>¥ 5,701</u>	<u>\$ 55,350</u>

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 103 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2020.

(4) Consolidated Statements of Changes in Net Assets

Millions of Yen

	Interests attributable to shareholders of parent											Non-controlling interests	Total Net Assets
	Common stock	Capital surplus	Treasury stock	Other components of equity						Retained earnings	Total		
				Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges	Cash flow hedges costs	Exchange differences on translation of foreign operations	Total				
Balance, January 1, 2019	¥ 19,985	¥ 22,564	¥ (26,739)		¥ 3,381	¥ 527	¥ (73)	¥ (1,141)	¥ 2,693	¥ 81,757	¥ 100,261	¥ 3,102	¥ 103,363
Net income										10,198	10,198	115	10,314
Other comprehensive income				(163)	1,262	(658)	1,018	(397)	1,062		1,062	(98)	963
Comprehensive income				(163)	1,262	(658)	1,018	(397)	1,062	10,198	11,261	17	11,278
Transfer to non-financial assets						(94)			(94)		(94)		(94)
Repurchase of treasury stock			(3)								(3)		(3)
Disposal of treasury stock		(0)	373								372		372
Cancellation of treasury stock			12,839							(12,839)			
Cash dividends										(3,558)	(3,558)	(77)	(3,635)
Share-based compensation		104									104		104
Transfer to retained earnings		0		163	(234)				(71)	70			
Other increases or decreases													
Total transactions with shareholders		105	13,209	163	(234)				(71)	(16,327)	(3,083)	(77)	(3,160)
Balance, December 31, 2019	¥ 19,985	¥ 22,669	¥ (13,529)		¥ 4,410	¥ (226)	¥ 944	¥ (1,539)	¥ 3,589	¥ 75,629	¥ 108,344	¥ 3,041	¥ 111,386

Balance, January 1, 2020	¥ 19,985	¥ 22,669	¥ (13,529)		¥ 4,410	¥ (226)	¥ 944	¥ (1,539)	¥ 3,589	¥ 75,629	¥ 108,344	¥ 3,041	¥ 111,386
Net income										7,425	7,425	(1,323)	6,102
Other comprehensive income				88	244	438	(288)	(907)	(424)		(424)	24	(400)
Comprehensive income				88	244	438	(288)	(907)	(424)	7,425	7,000	(1,298)	5,701
Transfer to non-financial assets						(187)			(187)		(187)		(187)
Repurchase of treasury stock		(1)	(1,438)								(1,440)		(1,440)
Disposal of treasury stock			2,616							(2,301)	315		315
Cancellation of treasury stock													
Cash dividends										(3,113)	(3,113)	(68)	(3,181)
Share-based compensation		57									57		57
Transfer to retained earnings		(1)		(88)	(0)				(88)	90			
Other increases or decreases													
Total transactions with shareholders		54	1,177	(88)	(0)				(88)	(5,324)	(4,181)	(68)	(4,249)
Balance, December 31, 2020	¥ 19,985	¥ 22,723	¥ (12,351)		¥ 4,654	¥ 25	¥ 655	¥ (2,446)	¥ 2,888	¥ 77,730	¥ 110,976	¥ 1,674	¥ 112,651

Thousands of U.S. Dollars

	Interests attributable to shareholders of parent											Non-controlling interests	Total Net Assets
	Common stock	Capital surplus	Treasury stock	Other components of equity						Retained earnings	Total		
				Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Effective portion of cash flow hedges	Cash flow hedges costs	Exchange differences on translation of foreign operations	Total				
Balance, January 1, 2020	\$ 194,029	\$ 220,087	\$ (131,350)		\$ 42,816	\$ (2,194)	\$ 9,165	\$ (14,942)	\$ 34,845	\$ 734,262	\$ 1,051,883	\$ 29,524	\$ 1,081,417
Net income										72,087	72,087	(12,845)	59,243
Other comprehensive income				854	2,369	4,252	(2,796)	(8,806)	(4,117)		(4,117)	233	(3,883)
Comprehensive income				854	2,369	4,252	(2,796)	(8,806)	(4,117)	72,087	67,961	(12,602)	55,350
Transfer to non-financial assets						(1,816)			(1,816)		(1,816)		(1,816)
Repurchase of treasury stock		(10)	(13,961)								(13,981)		(13,981)
Disposal of treasury stock			25,398							(22,340)	3,058		3,058
Cancellation of treasury stock													
Cash dividends										(30,223)	(30,223)	(660)	(30,883)
Share-based compensation		553									553		553
Transfer to retained earnings		(10)		(854)	(0)				(854)	874			
Other increases or decreases													
Total transactions with shareholders		524	11,427	(854)	0				(854)	(51,689)	(40,592)	(660)	(41,252)
Balance, December 31, 2020	\$ 194,029	\$ 220,612	\$ (119,913)		\$ 45,184	\$ 243	\$ 6,359	\$ (23,748)	\$ 28,039	\$ 754,660	\$ 1,077,437	\$ 16,252	\$ 1,093,699

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 103 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2020.

(5) Consolidated Statements of Cash Flows

	Millions of Yen		Thousands of U.S. dollars
	Fiscal Year ended Dec. 31, 2019	Fiscal Year ended Dec. 31, 2020	Fiscal Year ended Dec. 31, 2020
Cash flows from operating activities:			
Profit before income taxes	¥ 13,888	¥ 10,624	\$ 103,146
Depreciation and amortization	6,395	6,895	66,942
Impairment Losses	223	3,028	29,398
Gain on business transfer	(1,692)	-	-
Interest and dividend income	(450)	(397)	(3,854)
Interest expenses	435	480	4,660
Share of (profit) loss of investments accounted for using the equity method	(108)	914	8,874
(Gains) losses on sale and retirement of property, plant and equipment, and intangible assets	(46)	(189)	(1,835)
(Increase) decrease in trade and other receivables	823	(270)	(2,621)
(Increase) decrease in inventories	(1,421)	746	7,243
Increase (decrease) in trade and other payables	(643)	2,006	19,476
Other	23	(0)	(1)
Subtotal	17,427	23,838	231,437
Interest and dividends received	513	400	3,883
Interest paid	(442)	(327)	(3,175)
Income taxes paid	(5,274)	(3,469)	(33,680)
Cash flows from operating activities	12,224	20,442	198,466
Cash flows from investing activities:			
Purchase of property, plant and equipment, and intangible assets, including investment property	(10,444)	(6,107)	(59,291)
Proceeds from sales of property, plant and equipment, including investment property	198	3,346	32,485
Payments for acquisition of businesses	-	(499)	(4,845)
Purchase of investments in associates	-	(10)	(97)
Purchase of other financial assets	(47)	(398)	(3,864)
Gain on available-for-sale financial assets	1,069	260	2,524
Other	(43)	10	97
Cash flows from investing activities	(9,267)	(3,398)	(32,990)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	430	23,927	232,301
Proceeds from long-term borrowings	1,076	1,036	10,058
Repayments of long-term borrowings	(2,539)	(7,888)	(76,583)
Repayments of lease obligations	(774)	(662)	(6,427)
Dividends paid	(3,553)	(3,112)	(30,214)
Net decrease (increase) in treasury shares	369	(1,127)	(10,942)
Dividends paid to non-controlling interests	(77)	(68)	(660)
Cash flows from financing activities	(5,068)	12,104	117,515
Net increase (decrease) in cash and cash equivalents	(2,112)	29,148	282,990
Cash and cash equivalents at the beginning of period	29,408	27,260	264,660
Foreign translation adjustment on cash and cash equivalents	(35)	359	3,485
Cash and cash equivalents at the end of period	¥ 27,260	¥ 56,768	\$ 551,146

Note: U.S. dollar amounts have been translated from Japanese yen, for convenience only, at the rate of 103 yen = 1 U.S. dollar, the approximate Tokyo foreign exchange market rate as of December 31, 2020.